

Message Text

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ACTION EUR-12

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TO AMEMBASSY ROME

INFO SECSTATE WASHDC 5822

AMCONSUL NAPLES

C O N F I D E N T I A L SECTION 1 OF 2 MILAN 0145

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TAGS: PINT IT

SUBJECT: GOVERNMENT CRISIS AND THE COMMUNISTS

SUMMARY. DC GOVERNMENT WITH PCI SUPPORT NOW SEEMS LIKELY OUTCOME OF CURRENT CRISIS IF DC INCLUDES MORE NON-DC MINISTERS E.G. CARLI, VISENTINI* AGNELLI, RUFFOLO OR SPAVENTA ACCORDING FORMER EDITOR CORRIERE DELLA SERA. HE FEARS US JAN 12 POSITION COULD STRENGTHEN HARDLINE PCI WHICH WOULD PLUNGE ITALY INTO CHAOS. LAMA POSITION NOT INSPIRED BY PCI BUT LONG MATURING AND HIGHLY SIGNIFICANT ENDORSEMENT OF MARKEY ECONOMY IN OTTONE'S VIEW. END SUMMARY.

1. PIERO OTTONE, FORMER EDITOR CORRIERE DELLA SERA AND NOW OVERSEEING LA REPUBBLICA FOR MONDADORI, AMONG OTHER TASKS, IS ONE OF BEST CONNECTED AND BRILLIANT ITALIAN OBSERVERS IF NOT MOST ENTHUSIASTIC US BOOSTERS. HIS VIEWS GIVEN CONGEN JAN 30 FOLLOW:

2. GOVERNMENT CRISIS. NONE OF TOP LEADERS IN DC OR PCI WANTS EARLY ELECTIONS. ONLY DE CAROLIS AND MONTANELLI DO AND THEY HOPE FOR A CLASH WITH LEFT THAT WILL INSTALL RIGHTIST AUTHORITARIAN GOVERNMENT A' LA PINOCHET. THAT IS VERY MUCH MINORITY VIEW, ACCORDING TO OTTONE.

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3. DC HAD DECIDED BEFORE US JAN 12 STATEMENT TO REFUSE PCI CABINET POST. OPPOSITION HAD COME, ACCORDING TO OTTONE, NOT FROM DC LEADERSHIP WHICH WAS PREPARED TO OPEN THE DOOR, BUT FROM DC RANK AND FILE AND LOCAL LEADERSHIP WHICH WAS NOT. INCLUSION OF PCI IN MAJORITY WOULD BE TRICKY WORD CARPENTERING JOB BUT HE THOUGHT LIKELY. HE DOUBTED THAT EVEN FECCARBLIS

AND HIS SUPPORTERS WOULD DARE TO VOTE AGAINST ALTHOUGH IT WAS TOO SOON TO KNOW HOW THAT ISSUE WOULD BE RESOLVED.

4. ON THE OTHER HAND, RETURN TO ANDREOTTI FORMULA WAS RULED OUT SINCE PCI HAS TORPEODED IT. PCI REASONS PRETTY CLEAR. FIRST, IT DID NOT WANT TO GET CAUGHT UP IN REFERENDO BATTLE PROVIDED BY RADICALS. SECOND, IT FACED HEAT FROM MONSTER TRADE UNION MARCH ON ROME SHOWING MUCH MORE RANK AND FILE DISCONTENT WITH SUPPORT FOR ANDREOTTI THAN LEADERS HAD REALIZED. THIRD, PCI DID NOT WANT TO FACE THREATENED GENERAL STRIKE AGAINST ANDREOTTI WHICH WOULD AUTOMATICALLY HAVE MADE IT TARGET FOR UNION CRITICISM, TOO. FOURTH, PCI FEELING HEAT FROM PARTY RANK AND FILE FOR LACK OF GOVERNMENT ACCOMPLISHMENT DESPITE PCI PROVIDING SUPPORT.

5. PCI, THEREFORE, ACCORDING TO OTTONE, MUST GET SOMETHING BETTER THAN IT HAS JUST SACKED. THIS COULD BE A CABINET INCLUDING MORE NON-DC MINISTERS. NOW THERE ARE STAMMATI, OSSALA AND BONIFECIO. AMONG THOSE BEING VETTED ARE CARLI, VISENTINI, GIANNI AGNELLI, RUFFOLO(A SOCIALIST) AND SPAVENTA. SUCH A DREAM CABINET, HOWEVER, IS UNATTAINABLE. CARLI IS SAYING WITH GREAT CONVICTION THAT HE DOES NOT WANT TO BE A MINISTER ALTHOUGH THE PCI WOULD ACCEPT HIM. AGNELLI WOULD MAKE A GREAT FOREIGN MINISTER BUT THE DC PROBABLY COULDN'T GIVE SUCH A PLUM TO A NON-PARTY FIGURE* STILL, ONE OR TWO NEW INDEPENDENT MINISTERS MIGHT MAKE A NEW DC GOVERNMENT POSSIBLE, ALTHOUGH CONFIDENTIAL

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BERLINGUER WILL HAVE TROUBLE GETTING HIS PARTY TO AGREE TO SUCH A SMALL CHANGE. IN ANY SUCH DEAL THE PCI WOULD HAVE TO PROMISE SUPPORT FOR A YEAR I.E. THROUGH THE SEMESTRE BIANCO. OTTONE ARGUED THAT THIS WAS FEASIBLE BECAUSE THE DC AND PCI KEPT PROMISES TO EACH OTHER AS A MATTER OF PRACTICAL NECESSITY.

6. IN SHORT, OTTONE AT THIS JUNCTURE, EXPECTS A NEW DC GOVERNMENT WITH SOME FURTHER CONCESSION TO THE PCI SHORT OF INCLUSION IN THE CABINET.

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7. INFLUENCE OF US STATEMENT. OTTONE SAID THAT WHILE HE THOUGHT JAN 12 STATEMENT WAS PERFECTLY LEGITIMATE THAT IT WAS UNNECESSARY AND POSSIBLY HARMFUL. UNNECESSARY BECAUSE DC HAD ALREADY CLOSED DOOR TO PCI INCLUSION IN GOVERNMENT. POSSIBLY HARMFUL BECAUSE IT RISKED TOPPLING BERLINGUER AND INSTALLING A NEW HARD LINE PCI LEADERSHIP.

8. OTTONE ARGUED THAT A RETURN TO PCI HARD LINE WAS IMPROBABLE BUT NOT IMPOSSIBLE. BERLINGUER AND HIS BACKERS DID HAVE OPPONENTS. COSSUTTA WAS THE BEST KNOWN. A RETURN TO A PCI HARD LINE WOULD BE VERY GRAVE. IT WOULD MEAN UNRESTRAINED TRADE UNION DEMANDS FOR HIGHER WAGES AND OTHER BENEFITS BACKED IN PARLIAMENT AND IN THE STREETS. ITALY WOULD BE PLUNGED INTO CHAOS WITH A TOTALLY UNPREDICTABLE OUTCOME. BUT WHETHER THE LEFT OR RIGHT PREVAILED, ITALY WOULD BE A GREATER BURDEN TO THE WEST THAN EVER.

9. TURNING TO LUIGI LONGO AND GIANCARLO PAJETTA, OTTONE VOLUNTEERED THAT THEY WERE AN EMBARRASSMENT FOR THE PCI. LONGO WAS THE GRAND OLD MAN OF THE PCI AND COULD NOT BE MUZZLED. BUT HE NO MORE SPOKE FOR THE PCI THAN, SAY, GRONCHI FOR THE DC. WHAT COUNTED WAS NOT WHAT THE PCI SAID BUT WHAT IT DID. AND OTTONE CONTENDED THAT IN PRACTICE IT HAD BEEN PURSUING A

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MODERATE AND RESPONSIBLE POLICY. MOREOVER, IF IT CONTINUED TO BE RATIONAL, I COULD NOT GREATLY DEVIATE FROM THAT MODERATE APPROACH. THE DANGER WAS THAT THE IRRATIONAL HARD LINERS MIGHT PREVAIL IF BERLINGUER WERE DEFEATED.

10. OTTONE POINTED TO THE LAMA INTERVIEW (ROME'S 1560) AS PARTICULARLY IMPORTANT. HE HAD LONG KNOWN LAMA AND SAID THAT HIS BOMBSHELL INTERVIEW WAS NOT A CHANGE IN LAMA'S POSITION. IT HAD BEEN OUTLINED TO HIM BY LAMA A YEAR OR 18 MONTHS AGO. LAMA WAS SAYING THAT ITALIAN COMPANIES HAD TO BE PROFITABLE OR BE CLOSED AND THAT A PRODUCER SHOULD NOT BE SADDLED WITH UNNECESSARY LABOR. ACCORDING TO OTTONE, LAMA HAD REPEATEDLY

TAKEN THE POSITION THAT IF HIS TRADE UNION POLICY SHOULD SNOZ
WORK HE SHOULD STEP DOWN AS HEAD OF THE CGIL. AND THAT WAS
STILL HIS PROPOSAL.

11. LAMA'S INTERVIEW WAS NOT AGREED IN ADVANCE WITH THE PCI,
SAID OTTONE. IN FACT, THE PARTY WAS AS SURPRISED AS ANYONE
ELSE WHEN IT WAS PUBLISHED AND IT TOOK SOME TIME FOR THE PCI
TO REACT. SOME WERE CRITICAL SAYING THAT IT WAS TOO BLUNT AND
CAME AT THE WRONG TIME TO GET RANK AND FILE SUPPORT. BUT SINCE
THE LEADING PCI ECONOMISTS AGREED WITH LAMA'S ANALYSIS, THE
PARTY GAVE HIM CAREFUL ENDORSEMENT. THE FACTOR THAT MADE
LAMA'S VIEWS SUCH A SHOCKER WAS THE WAY IN WHICH THE INTERVIEW
WAS WRITTEN UP BY SCALFARI, EDITOR OF LA REPUBBLICA. HE CUT
AWAY THE CIRCUMLOCUTIONS AND SHADINGS TO PUT BLACK ON WHITE.
AN EARLIER INTERVIEW WITH THE CORRIERE HAD SAID THE SAME THING
BUT IN SUCH CONVOLUTED LANGUAGE THAT ONLY THE INITIATED UNDERSTOOD.
ALTHOUGH LAMA WAS SURPRISED HIMSELF AT THE CLARITY OF HIS
POSITION HE HAD ONLY PULLED BACK ON THE WORD "FIRING" OF
SURPLUS WORKERS IN FAVOR OF A CIRCUMLOCUTION MEANING THE SAME
THING, ACCORDING TO OTTONE. THE KEY QUESTION NOW, HE CONCLUDED,
WAS WHETHER LAMA WOULD SUCCEED IN HAVING THE REST OF THE TRADE
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UNION LEADERSHIP ACCEPT HIS MARKET ECONOMY THESES.FINA

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